

AB InBev Investor Seminar

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Good afternoon, ladies and gentlemen.

As part of the APAC Dream to be Number 1 in Asia, one of the important pillars is “Share of Throat”. In next few minutes, I will explain how we are gaining share of throat.

Allow me to introduce myself. I am Lena, leading the Innovation team in China. I joined the company in 2007. I have worked in field marketing and brand marketing for several years. In 2011, I moved to the innovation team.

As an innovation driven company, our innovation focus is not only in the beer category, we are now actively looking at opportunities in other alcohol categories. To elaborate that, the first thing is to look at the alcohol landscape.

Let’s look at some data. In China, 70% of alcohol volume is beer and 30% is other alcohol drinks. But more importantly, when we look at Alcohol category price per serving, other alcohol drinks are commanding much higher prices than normal beer. The price of Premium beer is more than two times higher than normal beer. However, Wine, Ready to drink and Spirits charge even more than premium beer. AB Inbev is already leading the premium beer segment in China. This gives us a big advantage in exploring opportunities in adjacent categories.

To explore those opportunities, understanding the consumer’s potential needs is fundamental. We have framed our growth driven platforms according to consumer demand. We start to explore opportunities from the two biggest platforms, “serving a great night out” and “relaxation and bonding”. We are also looking to capture consumers’ from “Young adults” and “Beyond beer”, so we developed two new liquids, MixxTail and Johnny Appleseed Cider.

First, let’s talk about MixxTail.

Young consumers (Legal Drinking Age) are looking for a exciting variety of choices and sweet tastes. To explore opportunities with them, we reviewed what our key strengths are.

We have a strong route to market, especially in night venue channels.

And also we have deep fermentation know-how. We know how to deliver products with an appealing taste. Last but not least, we know how to build a brand.

With this in mind, we developed the MixxTail product. MixxTail is an international professional cocktail brand. It’s naturally fermented and endorsed by Budweiser.

In China, not everyone has tried different cocktails. Consumers are always seeking new experiences. MixxTail develops cocktails cooperating with top bartenders and provides holistic cocktail experiences to consumers.

Inspired by other global classic cocktails, MixxTail offers 6 cocktail flavors. Also, to fit different occasions in different channels, we have developed different pack formats. Big bottles for clubs and bars, small bottles and sleek cans for KTVs and retail stores. MixxTail is just starting the journey in

China. We believe that Mixxtail will be a game changer.

Now let's talk about another product - Johnny Appleseed cider. In China, we have given it another name which I will explain a little bit later.

In fact, although cider as a category is growing worldwide, it has not yet arrived in China. In the meantime, Chinese consumers are more and more segmented and actively looking for new excitement in alcohol drinks. We tested the cider idea with consumers and found it is very attractive, particularly to female and young consumers (LDA). There are more than 630 million females in China which represents huge market potential.

During consumer testing, we gave John Appleseed Cider a different name. We called it "JA apple wine". Consumers like JA apple wine a lot because it is made from real apples.

Apple is considered a magic fruit with a lot of goodness in China. As you know, well-being is a very strong & easily accepted concept in China. People like that JA apple wine is naturally fermented.

Because fermentation is a natural process, Chinese consumers believe it has many positive effects. But the most important thing is that it has a great taste. Consumers tell us that they think JA apple wine tastes much better than red wine.

Actually consumers say they can enjoy three layers of taste from JA apple wine liquid: Sweet and sour from apple, Smooth taste of wine, and crispy bubbles

They like it so much that they think it can fit for multiple occasion such as relaxing with friends, bonding at a party and family gathering times. All of these fall under the relaxation and bonding umbrella.

To support the JA apple wine launch, two famous young Asian Stars are endorsing the product and helping to build this category in China. Let's look at the TV commercial from them. The story is about a young guy passing an apple garden who is invited to enjoy JA apple wine by a girl and her friends. The video is in Chinese but there are two important messages delivered in the TV commercial: JA is fermented from apples and JA gives you three layers of taste enjoyment. Let's see the video.

We are now piloting JA apple wine in two cities of China. We see some encouraging early results. For example, in a sampling program, around 50% of consumers who tried JA product said that they will buy. Off-take in hypermarkets and supermarkets is especially good. Consumers are very interested in trying this new alcohol drink.

We believe JA apple wine will not only give consumers new excitement but will also be another growth engine of our business.

That's all. Hope you enjoyed the presentation. Thank you